

Thursday, December 4, 2003

The Board met at its offices at 450 N Street, Sacramento, at 9:37 a.m., with Ms. Migden, Chairwoman, Mr. Parrish, Vice Chairman, Mr. Leonard and Mr. Chiang present, Ms. Mandel present on behalf of Mr. Westly in accordance with Government Code section 7.9.

SALES AND USE TAX APPEALS HEARINGS

Rima Naif Hamati, 132983

7-1-96 to 12-31-98, \$00.00 Tax, \$00.00 Penalty

For Petitioner:

Mark Goshgorian, Attorney

For Sales and Use Tax Department:

Kevin Hanks, Hearing Representative

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Issues resolved by all parties.

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board ordered that the petition be redetermined as recommended by the Appeals Division.

PUBLIC HEARINGS

Timber Yield Tax Rate

David Hayes, Manager, Research and Statistics Section, made introductory remarks regarding the 2004 Timber Yield Tax Rate (Exhibit 12.1).

Action: Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board adopted the 2004 Timber Yield Tax Rate of 2.9 as recommended by staff.

Exhibits to these minutes are incorporated by reference.

Timber Harvest Values

Mickie Stuckey, Chief, County Property Tax Division, Property and Special Taxes Department, made introductory remarks regarding the January 1-June 30, 2004 Timber Harvest Values (Exhibit 12.2).

Action: Upon motion of Mr. Leonard, seconded by Ms. Mandel and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board adopted the January 1-June 30, 2004 Timber Harvest Values as recommended by staff.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, ADJUDICATORY

Maryanne Avila, 192141

1998, \$160.00 Tax, \$40.00 Late Filing Penalty

Considered by the Board: August 6, 2003

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

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Action: Upon motion of Ms. Migden, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board granted separate liability relief from joint and several liability for the proposed assessment on appeal.

Oll Third Partial Consent Decree Cash Acct. Escrow, 139239

1992, \$2,843.00 Tax, \$1,421.50 Late Filing and Failure to File Penalties

1993, \$9,558.00 Tax, \$4,779.00 Late Filing and Failure to File Penalties

1994, \$12,067.00 Tax, \$6,033.50 Late Filing and Failure to File Penalties

1995, \$28,707.00 Tax, \$14,353.50 Late Filing and Failure to File Penalties

1996, \$36,273.00 Tax, \$18,136.50 Late Filing and Failure to File Penalties

1997, \$37,007.00 Tax, \$18,503.50 Late Filing and Failure to File Penalties

Considered by the Board: September 11, 2003

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: The Board deferred consideration of this matter to the January 2004 Board Meeting.

LEGAL APPEALS MATTERS, CONSENT

With respect to the Legal Appeals Matters Consent Agenda, upon a single motion of Mr. Parrish, seconded by Mr. Chiang and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board made the following orders:

Delta-T Systems, Inc., 153924

10-1-97 to 6-30-01, \$10,933.25 Tax

Action: Redetermine as recommended by the Appeals Division.

Computerlogic, Inc., 132989

7-1-91 to 12-31-99, \$00.00 Tax

Action: Redetermine as recommended by the Appeals Division.

CORPORATE FRANCHISE AND PERSONAL INCOME TAX MATTERS, CONSENT

The Board deferred consideration of the following matter: *Maurice A. Mayben, Jr., 186286.*

With respect to the Corporate Franchise and Personal Income Tax Matters Consent Agenda, upon a single motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board made the following orders:

Debra K. Cash, 209439

2000, \$1,117.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

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Dan Dougherty, 208821

2000, \$1.00 or more Claim for Refund

Action: Sustain the action of the Franchise Tax Board.

Anne P. Foster, 215891

1998, \$1,417.75 Penalties, \$180.00 Fees, \$516.60 Interest

Action: Sustain the action of the Franchise Tax Board.

Tami Garrett (Johns), 202097

1995 and 1996, \$1,314.40 Claim for Refund

Action: Modify the action of the Franchise Tax Board.

Peter C. Ogudo, 202126

1999, \$456 .00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Donald M. Rosenthal, 216900

1987, \$1.00 or more Assessment

1988, \$1.00 or more Assessment

1989, \$1.00 or more Assessment

1990, \$1.00 or more Assessment

Action: Appeal dismissed for failure of jurisdiction.

Richard D. Sherrets, 169670

1985, \$7,560.79 Assessment

1986, \$8,207.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Ezell and Janet Smith, 217753

1999, \$2,019.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Charles E. Travis, 195669

1999, \$5,937.00 Tax, \$1,484.55 Late Filing Penalty

Action: Sustain the action of the Franchise Tax Board and impose a \$500.00 frivolous appeal penalty.

Kimberly J. Tyler, 213517

1989, \$3,518.40 Assessment

1994, \$1,005.18 Assessment

Action: Sustain the action of the Franchise Tax Board.

Paul T. Vuu, 219564

2000, \$912.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

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William C. Wong, 213364

2000, \$1,453.00 Assessment

Action: Sustain the action of the Franchise Tax Board.

Hernan A. Jacobo, 172837

1999, \$1,705.00 Tax, \$852.50 Penalties

Action: Deny the petition for rehearing.

Arnold I. and Rona K. L. Mandel, 186853

1991, \$1,347.00 Claim for Refund

Action: Deny the petition for rehearing.

Maurice A. Mayben, Jr., 186286

1999, \$1,257.00 Tax, \$1,561.25 Penalty

Action: The Board deferred consideration of this matter.

Carl E. Nuesch and Kathleen K. Gulf, 188462

1998, \$4,445.00 Assessment

Action: Deny the petition for rehearing.

Warren W. Quann, 162821

1992, \$3,168.00 Assessment

Action: Deny the petition for rehearing.

Rick Schotts, Jr., 202277

1999, \$16,417.00 Assessment

Action: Deny the petition for rehearing.

Mark E. Stamos, 167885

1999, \$1,341.00 Tax, \$167.14 Penalty, \$269.58 Interest

Action: Deny the petition for rehearing.

HOMEOWNER AND RENTER PROPERTY TAX ASSISTANCE MATTERS, CONSENT

With respect to the Homeowner and Renter Property Tax Assistance Matters Consent Agenda, upon a single motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board made the following orders:

George F. Beardon, 209529

1999, \$347.50 Claim for Credit

2000, \$347.50 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Lana Horton, 208929

2002, \$297.50 Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

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Frank J. Lescrinier, 221582

2002, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Patsy Mays, 218663

2002, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Harbhajan S. Parhar, 218292

2002, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

Daniel L. Perez, 218289

2002, \$1.00 or more Claim for Credit

Action: Sustain the action of the Franchise Tax Board.

SALES AND USE TAX MATTERS, REDETERMINATIONS, RELIEF OF PENALTIES, DENIALS OF CLAIMS FOR REFUND AND DENIALS OF RELIEF OF PENALTIES, CONSENT

With respect to the Sales and Use Tax Matters, Redeterminations, Relief of Penalties, Denials of Claims for Refund and Denials of Relief of Penalties, Consent Agenda, upon a single motion of Mr. Parrish, seconded by Ms. Migden and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, Mr. Chiang not participating in *Corning Incorporated, 206440*; Ms. Mandel not participating in *VW Credit Leasing, Ltd., 242486*; *Piercey North, Inc., 224043*; and, *Ford Credit Titling Trust, 220309*, the Board made the following orders:

Tomaxusa.com, 207941

1-1-99 to 12-31-99, \$55,520.77

Action: Approve the redetermination as recommended by staff.

Brooks Brothers, Inc., 217893

7-1-98 to 6-30-01, \$58,811.98

Action: Approve the redetermination as recommended by staff.

99 Cents Only Stores, 242831

7-1-03 to 7-31-03, \$128,491.86

Action: Approve the relief of penalty as recommended by staff.

VW Credit Leasing, Ltd., 242486

1-1-03 to 3-31-03, \$195,265.30

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating.

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Piercey North, Inc., 224043

10-1-02 to 12-31-02, \$53,501.50

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating.

Helena Chemical Company, 242822

7-1-02 to 9-30-02, \$53,331.21

Action: Approve the relief of penalty as recommended by staff.

Independent Electric Supply, Inc., 222771

10-1-02 to 10-31-02, \$68,520.00

Action: Approve the relief of penalty as recommended by staff.

De Lage Landen Oprtnl Services, LLC, 222631

1-1-03 to 1-31-03, \$56,399.52

Action: Approve the relief of penalty as recommended by staff.

FCI Constructors, Inc., 220978

2-1-03 to 2-28-03, \$63,203.76

Action: Approve the relief of penalty as recommended by staff.

Microsoft Corporation, 242849

1-1-03 to 3-31-03, \$207,269.43

Action: Approve the relief of penalty as recommended by staff.

Ford Motor Credit Company, 220396

1-1-02 to 12-31-02, \$656,284.50

Action: Approve the relief of penalty as recommended by staff.

GTE Communication Systems Corporation, 243042

1-1-02 to 3-31-02, \$138,728.40

Action: Approve the relief of penalty as recommended by staff.

Ford Credit Titling Trust, 220309

1-1-02 to 12-31-02, \$1,466,285.00

Action: Approve the relief of penalty as recommended by staff. Ms. Mandel not participating.

Maersk Equipment Service Company, Inc., 242967

10-1-00 to 12-31-00, \$50,091.30

Action: Approve the relief of penalty as recommended by staff.

County Sanitation Dist. #2 L.A. Co., 79130

4-1-97 to 3-31-98, \$3,599,763.19

Action: Approve the denial of claim for refund as recommended by staff.

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Toyota Motor Credit Corporation, 243089

4-1-01 to 12-31-01, \$1,675,781.55

Action: Approve the denial of claim for refund as recommended by staff.

Corning Incorporated, 206440

10-1-02 to 12-31-02, \$92,019.83

Action: Approve the denial of claim for refund as recommended by staff. Mr. Chiang not participating.

Media.Net Communications, Inc., 243161

1-1-00 to 3-31-03, \$161,608.69

Action: Approve the denial of claim for refund as recommended by staff.

The Sleep Train, Inc., 242653

1-1-03 to 3-31-03, \$78,375.80

Action: Approve the denials of relief of penalties as recommended by staff.

UAG Cerritos, LLC, 235809

1-1-03 to 3-31-03, \$90,409.10

Action: Approve the denials of relief of penalties as recommended by staff.

SALES AND USE TAX MATTERS, CREDITS, CANCELLATIONS AND REFUNDS, CONSENT

With respect to the Sales and Use Tax Matters, Credits, Cancellations and Refunds, Consent Agenda, upon a single motion of Mr. Chiang, seconded by Mr. Parrish and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, Ms. Mandel not participating in *Ford Motor Company, 241954*; and *Lockheed Martin Corporation, 29358*, the Board made the following orders:

Corporate Software & Technology, 241806

4-1-02 to 9-30-02, \$155,257.00

Action: Approve the credit and cancellation as recommended by staff.

Angelica Garcia Iniguez, 241577

1-1-00 to 11-14-02, \$139,769.98

Action: Approve the credit and cancellation as recommended by staff.

Toyota Motor Credit Corporation, 110565

1-1-98 to 3-31-01, \$4,030,451.95

Action: Approve the refund as recommended by staff.

Bestal Corporation, 168211

1-1-99 to 12-31-01, \$52,500.62

Action: Approve the refund as recommended by staff.

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Sigma Designs, Inc., 235508

10-1-99 to 9-30-02, \$71,470.68

Action: Approve the refund as recommended by staff.

E.R. Squibb & Sons, Inc., 241658

10-1-99 to 6-30-00, \$64,755.93

Action: Approve the refund as recommended by staff.

Olympus America, Inc., 132191

4-1-01 to 6-30-01, \$80,052.01

Action: Approve the refund as recommended by staff.

Webcraft Technologies, Inc., 241117

10-1-00 to 12-31-00, \$103,358.17

Action: Approve the refund as recommended by staff.

CIT Technologies Corporation, 207565

1-1-00 to 6-30-02, \$51,946.77

Action: Approve the refund as recommended by staff.

Thomson Multimedia, Inc., 209378

1-1-98 to 12-31-00, \$86,988.52

Action: Approve the refund as recommended by staff.

Ford Motor Company, 241954

4-1-03 to 8-31-03, \$272,782.10

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Countrywide Home Loans, Inc., 134235

1-1-01 to 12-31-01, \$105,225.25

Action: Approve the refund as recommended by staff.

Countrywide Home Loans, Inc., 233381

1-1-02 to 9-30-02, \$182,338.82

Action: Approve the refund as recommended by staff.

Ross Products Division, Abbott Lab., Inc., 168640

4-1-98 to 5-1-01, \$64,287.02

Action: Approve the refund as recommended by staff.

J.R. Simplot Company, 240630

10-1-02 to 12-31-02, \$142,508.24

Action: Approve the refund as recommended by staff.

Publishers Data Services, Inc., 238520

4-1-03 to 6-30-03, \$72,152.40

Action: Approve the refund as recommended by staff.

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Media.Net Communications, Inc., 216174

1-1-00 to 3-31-03, \$52,334.80

Action: Approve the refund as recommended by staff.

Sirenza Microdevices, Inc., 241182

7-1-99 to 6-30-02, \$75,637.14

Action: Approve the refund as recommended by staff.

Exodus Communications, Inc., 234103

7-1-01 to 9-30-01, \$504,920.24

Action: Approve the refund as recommended by staff.

Fetzer's, Inc., 241943

1-1-01 to 3-31-03, \$128,695.77

Action: Approve the refund as recommended by staff.

S. B. Restaurant Company, 223465

7-1-02 to 9-29-02, \$72,287.38

Action: Approve the refund as recommended by staff.

Philips Electronics NA Corporation, 116398

7-1-00 to 3-31-01, \$91,533.89

Action: Approve the refund as recommended by staff.

Lockheed Martin Corporation, 29358

4-1-99 to 6-30-96, \$1,706,749.93

Action: Approve the refund as recommended by staff. Ms. Mandel not participating.

Concur Technologies, Inc., 217748

10-1-02 to 12-31-02, \$63,982.81

Action: Approve the refund as recommended by staff.

CHIEF COUNSEL MATTERS**RULEMAKING (SALES AND USE TAX)****Section 100 Change to Sales and Use Tax Regulation**

Janice Thurston, Assistant Chief Counsel, Business Tax Section, Legal Division, made introductory remarks regarding the request for a section 100 change to *Sales and Use Tax Regulation 1621, Sales to Common Carriers* (Exhibit 12.3).

Action: Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board approved the section 100 change to *Sales and Use Tax Regulation 1621, Sales to Common Carriers*.

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The Board directed staff to work with the Legislature should there be efforts to accelerate the exemption period.

Proposed Adoption of Amendments to Sales and Use Tax Regulation 1591, Medicines and Medical Devices

Janice Thurston, Assistant Chief Counsel, Business Tax Section, Legal Division, made introductory remarks regarding the adoption of amendments to *Sales and Use Tax Regulation 1591, Medicines and Medical Devices*. Ms. Thurston stated that Regulation 1591 is proposed to be amended to interpret, implement and make specific Revenue and Taxation Code section 6369. Amendments are proposed to provide that sales of breast and tissue expanders are exempt from tax under defined conditions (Exhibit 12.4).

Speakers: Eric Miethke, Partner, Nielsen, Merksamer, representing Intamint Corporation.

Action: Upon motion of Mr. Leonard, seconded by Ms. Mandel and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board approved the section 100 change to *Sales and Use Tax Regulation 1591, Medicines and Medical Devices*.

Ms. Migden stated for the record that she would like to recognize the importance and the significance of Regulation 1591 and thank those who have works so hard to amend this regulation. This matter is very worthy of the Board's attention to alleviate or minimize the suffering to those with health burdens.

RULEMAKING (PROPERTY TAXES)

Kristine Cazadd, Assistant Chief Counsel, Property Tax Section, Legal Division, made introductory remarks regarding four petitions for rulemaking action – amendments to property tax rules – received on September 29, 2003, from the California Assessors' Association (Exhibit 12.5).

Property Tax Rule 21, Taxable Possessory Interests – Valuations

Speakers: David Brown, Yuba County Assessor
Thomas R. Parker, Deputy County Counsel, El Dorado County
Rick Auerbach, Los Angeles County Assessor
Eric Miethke, Partner, Nielson, Merksamer, representing the Air Transportation Association
Louie Brown, Western Fairs Association
Greg Turner, General Counsel, California Taxpayers' Association

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board ordered to deny the petition to amend subsection (d)(1) of *Property Tax Rule 21, Taxable Possessory Interests - Valuations*.

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Property Tax Rule 138, Exemption for Aircraft Being Repaired, Overhauled, Modified or Serviced

Speakers: Rick Auerbach, Los Angeles County Assessor
Thomas R. Parker, Deputy County Counsel, El Dorado County
David Brown, Yuba County Assessor
Eric Miethke, Partner, Nielsen, Merksamer, representing the Air Transportation Association
Greg Turner, General Counsel, California Taxpayers' Association

Ms. Mandel read into the record the following statement of Steve Westly, State Controller: "Let me state and be very clear up front, any vote that the controller may cast to send one of these rules to the Property Tax Committee, Interested Parties process, is absolutely not a substantive judgement at this time on his part as to the merits of the petition or the assertions made by the county assessors."

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and duly carried, Ms. Migden, Mr. Parrish, Mr. Chiang and Ms. Mandel voting yes, Mr. Leonard voting no, the Board ordered that *Property Tax Rule 138, Exemption for Aircraft Being Repaired, Overhauled, Modified or Serviced*, be sent to the Property Tax Committee, Interested Parties process, to discuss the issues that were raised in the petition with the express direction that a prospective operative date be included, should that process result in any recommended or suggested rule change by staff or any other party.

Property Tax Rule 461, Real Property Value Changes

Speakers: David Brown, Yuba County Assessor
Thomas P. Parker, Deputy County Counsel, El Dorado County
Rich Auerback, Los Angeles County Assessor
Richard, J. Ayoob, Attorney, Ajalat, Polley & Ayoob, representing BP US West Coast Products
Greg Turner, General Counsel, California Taxpayers' Association
John Despotakis, Tax Manager, Apple Computer Inc.

Action: Upon motion of Ms. Mandel, seconded by Mr. Parrish and duly carried, Ms. Migden, Mr. Parrish, Mr. Chiang and Ms. Mandel voting yes, Mr. Leonard voting no, the Board ordered that *Property Tax Rule 461, Real Property Value Changes*, be sent to Property Tax Committee, Interested Parties process, to discuss the issues that were raised in the petition with the express direction that the Board's action on the petition is not to be interpreted as an endorsement of the petition or the assessors' position and is not an indication one way or the other with respect to the matters in litigation or that the rule does not have any current binding affect.

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Property Tax Rule 305.3, Application for Equalization Under Revenue and Taxation Code section 469

Speakers: Rich Auerback, Los Angeles County Assessor
Thomas P. Parker, Deputy County Counsel, El Dorado County
David Brown, Yuba County Assessor
John Despotakis, Tax Manager, Apple Computer Inc.

Action: Upon motion of Mr. Leonard, seconded by Ms. Mandel and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board ordered that *Property Tax Rule 305.3, Application for Equalization Under Revenue and Taxation Code section 469*, be sent to the Property Tax Committee, Interested Parties process, to discuss the issues that were raised in the petition with the same express direction with respect to the motion on Rule 461 and that the issue of low value ordinance statutes be considered in conjunction with the Interested Parties meetings.

PROPERTY TAXES HEARINGS

Otay Mesa Generating Facility, LLC (1134), 223878

2003, \$117,400,000.00 Unitary Value

Pastoria Energy Facility, LLC (1131), 223879

2003, \$503,100,000.00 Unitary Value

Metcalf Energy Center, LLC (1133), 223880

2003, \$108,000,000.00 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Anthony Epolite, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No disqualifying contributions were disclosed.

Issues: Whether the Board of Equalization has the jurisdiction to assess the Petitioners' properties.

Whether the Board's assessment of the Petitioners' properties violates article XIII A of the California Constitution.

Whether the Board's determination of value under the Replacement Cost New Less Depreciation value indicator is unreliable due to the economic obsolescence suffered by the Petitioners' facilities, such that the facilities should be valued based upon a 75-percent weighting to the income approach.

Whether the Board overvalued the Petitioners' land by including soft costs in its valuation of this property.

Action: Upon motion of Mr. Leonard, seconded by Ms. Migden and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Mr. Westly absent, the Board ordered that the 2003 unitary value of *Otay Mesa Generating Facility, LLC (1134), 223878*, be reduced to \$80,900,000.00, *Pastoria Energy Facility, LLC (1131), 223879*, be reduced to \$335,000,000.00, and *Metcalf Energy Center, LLC (1133), 223880*, be reduced to \$71,500,000.00 as recommended by staff.

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Delta Energy Center, LLC (1128), 223881

2003, \$563,700,000.00 Unitary Value

Calpine Construction Finance Company, LP (1132), 223882

2003, \$331,700,000.00 Unitary Value

For Petitioner:

Appearance Waived

For Property and Special Taxes Department: Anthony Epolite, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: No disqualifying contributions were disclosed.

Issues: Whether the Board of Equalization has the jurisdiction to assess the Petitioners' properties.

Whether the Board's assessment of the Petitioners' properties violates article XIII A of the California Constitution.

Whether the Board's determination of value under the Replacement Cost New Less Depreciation value indicator properly reflects the fair market value of the Petitioners' facilities.

Whether the Board overvalued the Petitioners' land by including soft costs in its valuation of these properties.

Whether the Board's valuation of the Petitioners' facilities should be based upon a 75 percent weighting to the income approach.

Action: Mr. Parrish moved to reduce the 2003 unitary value of *Delta Energy Center, LLC (1128), 223881*, to \$416,700,000.00. The motion failed for lack of a second.Upon motion of Ms. Migden, seconded by Mr. Westly and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board ordered that the 2003 unitary value of *Delta Energy Center, LLC (1128), 223881*, be reduced to \$519,100,000.00, and *Calpine Construction Finance Company, LP (1132), 223882*, be reduced to \$320,400,000.00 as recommended by staff.

Cabrillo Power II, LLC (1107), 224892

2003, \$48,000,000.00 Unitary Value

For Petitioner:

Peter Michaels, Attorney

Dan Tobias, Accountant

For Property and Special Taxes Department: Michael Lebeau, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the State Board of Equalization has the jurisdiction to assess the Petitioner's electrical generation facilities.

Whether the Board's Replacement Cost New value indicator was erroneous and excessive considering the property's physical age and functional and external obsolescence.

Whether the Board staff correctly calculated the land value of the Petitioner's facility.

Whether the Board staff's Replacement Cost New factor of \$758,000 per megawatt of rated capacity was excessive for the 2003 lien date.

Whether the Board included costs related to the construction of exempt assets in the 2003 Board-adopted unitary value.

Whether the Board should have considered the CEA (income) value indicator when appraising the Petitioner's property.

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Whether the Board should close the oral hearing to the public when discussing the Petitioner's confidential or proprietary business information.

Action: Upon motion of Mr. Leonard, seconded by Mr. Chiang and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board ordered that the 2003 unitary value be reduced to \$15,200,000.00 as recommended by staff.

Long Beach Generation, LLC (1111), 225286

2003, \$44,900,000.00 Unitary Value

For Petitioner:

Peter Michaels, Attorney

Dan Tobias, Accountant

For Property and Special Taxes Department: Michael Lebeau, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the State Board of Equalization has the jurisdiction to assess the Petitioner's electrical generation facilities.

Whether the Board's Replacement Cost New value indicator was erroneous and excessive considering the property's physical age and functional and external obsolescence.

Whether the Board staff correctly calculated the land value of the Petitioner's facility.

Whether the Board staff's Replacement Cost New factor of \$412,000 per megawatt of rated capacity was excessive for the 2003 lien date.

Whether the Board included costs related to the construction of exempt assets in the 2003 Board-adopted unitary value.

Whether the Board staff's Income value indicator is erroneous and excessive, and must be corrected and reduced.

Whether the Board should close the oral hearing to the public when discussing the Petitioner's confidential or proprietary business information.

Action: Upon motion of Mr. Leonard, seconded by Mr. Westly and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board ordered that the 2003 unitary value be reduced to \$28,200,000.00 as recommended by staff.

PUBLIC COMMENT

The following list of speakers made public comment on *AES Alamos, LLC (1100), 222549; AES Redondo Beach, LLC (1101), 222550; AES Huntington Beach, LLC (1102), 222551; and, AES Placerita, Inc. (1146), 224763.*

Speakers:

David Elder, Consultant, City of Long Beach

Carol A. Shaw, Deputy City Attorney, City of Long Beach

Lou Garcia, City Manager, City of Redondo Beach

Shari Freidenrich, City Treasurer, City of Huntington Beach

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PROPERTY TAXES HEARINGS

AES Alamos, LLC (1100), 222549

2003, \$629,000,000.00 Unitary Value

AES Redondo Beach, LLC (1101), 222550

2003, \$423,000,000.00 Unitary Value

AES Huntington Beach, LLC (1102), 222551

2003, \$260,700,000.00 Unitary Value

AES Placerita, Inc. (1146), 224763

2003, \$45,700,000.00 Unitary Value

For Petitioner:

Cris K. O'Neill, Attorney

Wade E. Norwood, Attorney

For Property and Special Taxes Department: Anthony Epolite, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the Board of Equalization has the jurisdiction to assess the Petitioners' property.

Whether the Board's assessment of the Petitioners' property violates article XIII A of the California Constitution.

Whether the Petitioners' facilities should be valued using \$459,200 per megawatt as the replacement cost new under the Replacement Cost New Less Depreciation (ReplCLD) value indicator.

Whether the Board properly determined an allowance for the physical depreciation of the Petitioners' facilities under the ReplCLD value indicator.

Whether the Board underestimated the economic obsolescence suffered by the Petitioners' facilities.

Whether the Board overvalued the Petitioners' land by including soft costs in its valuation of this property.

Whether the Board utilized a proper capitalization rate to value the Petitioners' facilities.

Additional issues in the petitions of 222549, 222550, and 222551:

Whether the Board underestimated the functional obsolescence suffered by the Petitioners' facilities.

Whether the Board overestimated the net income of the Petitioners' facilities.

Whether the Board underestimated the Petitioners' operating expenses.

Whether the Board erred in its valuation of the Petitioners' property in the weighting given to the ReplCLD value indicator and the Capitalized Earning Ability (CEA) value indicator.

Additional issue in the petition of 222551:

Whether the Board's valuation of AES Huntington improperly included the valuation of a 19-acre parcel owned by an affiliated company. (This issue relates to AES Huntington only.)

Additional issues in the petition of 224763:

Whether the Board's valuation of the Petitioner's facility should include a reliance upon the CEA value indicator.

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Whether the Board should place more reliance on the CEA value indicator than the ReplCLD value indicator when valuing the Petitioner's property.

Action: Upon motion of Ms. Migden and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board ordered that the petition be submitted for decision.

West Coast P.C.S. (2745), 224225

2003, \$66,800,000.00 Unitary Value

For Petitioner: Appearance Waived

For Property and Special Taxes Department: Michael Lebeau, Tax Counsel

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Issues: Whether the Board included the costs attributable to exempt property in the 2003 Board-adopted unitary value of the Petitioner's property.

Whether the Board's Replacement Cost value indicator was contrary to the principles outlined in the *Unitary Valuation Methods* manual and fails to account for the obsolescence of the Petitioner's property.

Whether the Board should close the oral hearing to the public when discussing the Petitioner's confidential or proprietary business information.

Action: Upon motion of Mr. Leonard, seconded by Ms. Migden and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Westly voting yes, Mr. Chiang not participating, the Board ordered that the 2003 unitary value be reduced to \$60,900,000.00 as recommended by staff.

SPECIAL TAXES MATTERS, REFUNDS, CONSENT

With respect to the Special Taxes Matters, Refunds, Consent Agenda, upon a single motion of Mr. Chiang, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, Mr. Parrish not participating, the Board made the following orders:

Shell Oil Company, 240786

2-1-95 to 6-30-98, \$341,591.78

Action: Approve the refund as recommended by staff. Mr. Parrish not participating.

Coastal West Ventures, Inc., 89000006440

1-1-96 to 1-31-96, \$196,089.39

Action: Approve the refund as recommended by staff. Mr. Parrish not participating.

Tosco Corporation, 93404

4-1-97 to 12-31-99, \$659,302.38

Action: Approve the refund as recommended by staff. Mr. Parrish not participating.

Smart & Final Stores Corporation, 243772

9-1-03 to 9-30-03, \$94,697.34

Action: Approve the refund as recommended by staff. Mr. Parrish not participating.

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San Diego Unified Port Dist., 238576

1-1-02 to 12-31-02, \$98,551.52

Action: Approve the refund as recommended by staff. Mr. Parrish not participating.

SPECIAL TAXES MATTERS, RELIEF OF PENALTIES, CONSENT

With respect to the Special Taxes Matters, Relief of Penalties, Consent Agenda, upon a single motion of Mr. Westly, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board made the following orders:

W.A. Dwelle, Inc., 235093

1-1-03 to 5-31-03, \$430,207.81

Action: Approve the relief of penalty as recommended by staff.

Nationwide Life Insurance Company, 235235

1-1-03 to 12-31-03, \$160,655.00

Action: Approve the relief of penalty as recommended by staff.

Upon motion of Ms. Migden, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Leonard and Mr. Chiang voting yes, Mr. Parrish and Mr. Westly not participating, the Board made the following order:

21st Century Insurance Company, 223989

1-1-02 to 12-31-02, \$144,000.00

Action: Approve the relief of penalty as recommended by staff. Mr. Parrish and Mr. Westly not participating.

PROPERTY TAX MATTERS, ADJUDICATORY

Petitions for Reassessment of Unitary Value

Verizon California, Inc. (201), 224740

2003, \$3,562,900,000.00 Unitary Value

Action: Deferred consideration of this matter to latter in the day.

Chairwoman Migden requested that procedures be implemented to ensure that contribution disclosure forms are sent to the correct taxpayers and/or representatives.

Sierra Railroad Company (871), 225247

2003, \$941,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$382,000.00 as recommended by staff.

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Duke Energy Moss Landing, LLC (1103), 225284

2003, \$981,800,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$915,700,000.00 as recommended by staff.

Duke Energy Morro Bay, LLC (1104), 225287

2003, \$106,700,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$94,000,000.00 as recommended by staff.

Duke Energy Oakland, LLC (1105), 224880

2003, \$14,200,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$10,600,000.00 as recommended by staff.

Mirant Potrero, LLC (1108), 224116

2003, \$106,300,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$49,300,000.00 as recommended by staff.

Mirant Delta, LLC (1109), 224114

2003, \$521,300,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$313,100,000.00 as recommended by staff.

Duke Energy South Bay, LLC (1118), 224889

2003, \$73,100,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board denied the petition for reassessment of 2003 unitary value as recommended by staff.

Teleglobe USA, Inc. (7760), 224606

2003, \$22,400,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$3,910,000.00 as recommended by staff.

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Petition for Reassessment and Penalty Abatement on 2003 Unitary Value

Advance Telcom Group, Inc. (7813), 224023

2003, \$16,000,000.00 Unitary Value, \$1,600,000.00 Penalty

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced unitary value of \$2,400,000.00 as recommended by staff and abated the penalty.

Petitions for Reassessment of Nonunitary Value

Southern California Gas Company, (149), 239992

2003, \$114,383,100.00 Nonunitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Mr. Westly not participating, the Board approved the reduced nonunitary value of \$72,950,765.00 as recommended by staff.

Union Pacific Railroad Company (843), 239981

2003, \$493,727,194.00 Nonunitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly voting yes, the Board approved the reduced nonunitary value of \$473,592,976.00 as recommended by staff.

Petition for Correction of Allocated Assessment

Elk Hills Power, LLC (1126), 225289

2003, \$311,400,000.00 Unitary Value

Action: Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Mr. Westly not participating, the Board approved the reallocation of 2003 unitary value as recommended by staff.

**PROPERTY TAX MATTERS NOT SUBJECT TO CONTRIBUTION DISCLOSURE
STATUTE**

Audits

San Diego Gas and Electric Company (141)

2002, \$8,890,000.00 Escaped Assessment, \$147,115.00 Penalty, \$220,673.00 In-Lieu Interest

2001, \$555,000.00 Escaped Assessment

2000, \$191,000,000.00 Escaped Assessment, \$18,325,372.00 Penalty, \$60,473,729 In-Lieu Interest

Action: Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Mr. Westly not participating, the Board ordered the penalties be abated otherwise adopted the escaped assessments and interest as recommended by staff.

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Global Crossing Telecommunications, Inc. (2207)

2001, \$29,400,000.00 Escaped Assessment, \$2,940,000.00 Penalty, \$7,056,000.00 In-Lieu Interest

2000, \$6,250,000.00 Escaped Assessment, \$625,000. 00 Penalty, \$2,062,500.00 In-Lieu Interest
 Action: Upon motion of Mr. Leonard, seconded by Mr. Westly and duly carried, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Westly voting yes, Mr. Chiang voting no, the Board adopted the escaped assessment, penalty and interest as recommended by staff.

Cox Communications PCS, L.P. (2720)

2002, \$2,080,000.00 Escaped Assessment, \$208,000.00 Penalty, \$312,000.00 In-Lieu Interest
 2001, \$18,200,000.00 Escaped Assessment, \$1,820,000.00 Penalty, \$4,368,000.00 In-Lieu Interest

2000, (\$4,464,100.00) Excessive Assessment

1999, \$55,500,000.00 Escaped Assessment, \$5,550,000.00 Penalty, \$23,310,000.00 In-Lieu Interest

Action: Mr. Leonard moved to abated the penalty, otherwise adopt the escaped assessments and interest as recommended by staff. The motion was seconded by Mr. Parrish but failed to carry, Mr. Parrish and Mr. Leonard voting yes, Ms. Migden, Mr. Chiang and Mr. Westly voting no.

Upon motion of Ms. Migden, seconded by Mr. Chiang and duly carried, Ms. Migden, Mr. Chiang and Mr. Westly voting yes, Mr. Leonard voting no, Mr. Parrish abstaining, the Board adopted the escaped/excessive assessments, penalty and interest as recommended by staff.

Sprint Spectrum L.P. (2722)

2002, (\$9,448,700.00) Excessive Assessment

2001, \$16,200,000.00 Escaped Assessment, \$1,620,000.00 Penalty, \$3,888,000.00 In-Lieu Interest

2000, \$40,000,000.00 Escaped Assessment, \$4,000,000.00 Penalty, \$13,200,000.00 In-Lieu Interest

1999, \$15,100,000.00 Escaped Assessment, \$1,510,000.00 Penalty, \$6,342,000.00 In-Lieu Interest

Action: Mr. Leonard moved to abated the penalty but otherwise adopt the escaped assessments and interest as recommended by staff. Mr. Leonard withdrew his motion.

Upon motion of Mr. Parrish, seconded by Mr. Leonard and unanimously, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Mr. Westly, the Board adopted the escaped/excessive assessments, penalty and interest as recommended by staff.

FINAL ACTION ON PETITIONS HEARD DECEMBER 4, 2003

Mr. Leonard moved to adopt staff recommendation in the petitions of *AES Alamos, LLC (1100), 222549; AES Redondo Beach, LLC (1101), 222550; AES Huntington Beach, LLC (1102), 222551; and, AES Placerita, Inc. (1146), 224763*. The motion was second by Mr. Westly but no vote was taken.

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Mr. Parrish moved to adopt a unitary value of \$387,200,000.00 in *AES Alamos, LLC (1100), 222549*. The motion failed for lack of a second.

Upon motion of Mr. Leonard, seconded by Mr. Westly and duly carried Ms. Migden, Mr. Leonard and Mr. Westly voting yes, Mr. Parrish and Mr. Chiang voting no, the Board ordered to reduce the unitary value of *AES Alamos, LLC (1100), 222549* to \$299,800,000.00 as recommended by staff.

Mr. Leonard moved to adopt staff recommendation in the petition of *AES Redondo Beach, LLC (1101), 222550*. Mr. Parrish made a substitute motion to adopt a unitary value of \$268,371,742.00. The motion failed for lack of a second.

Upon motion of Mr. Leonard, seconded by Mr. Westly and duly carried Ms. Migden, Mr. Leonard and Mr. Westly voting yes, Mr. Parrish and Mr. Chiang voting no, the Board ordered to reduce the unitary value to \$184,600,000.00 as recommended by staff.

Mr. Leonard moved to adopt staff recommendation in the petition of *AES Huntington Beach, LLC (1102), 222551*. The motion was seconded by Mr. Westly. Mr. Parrish made a substitute motion to adopt a unitary value of \$206,207,000.00. The motion failed for lack of a second.

Upon motion of Mr. Leonard, seconded by Mr. Westly and duly carried Ms. Migden, Mr. Leonard and Mr. Westly voting yes, Mr. Parrish and Mr. Chiang voting no, the Board ordered to reduce the unitary value to \$93,300,000.00 as recommended by staff.

Mr. Leonard moved to adopt staff recommendation in the petition of *AES Placerita, Inc. (1146), 224763*. The motion was seconded by Mr. Westly. Mr. Parrish made a substitute motion to adopt a unitary value of \$381,800,000.00. The motion failed for lack of a second.

Upon motion of Mr. Leonard, seconded by Mr. Westly and duly carried Ms. Migden, Mr. Leonard and Mr. Westly voting yes, Mr. Parrish and Mr. Chiang voting no, the Board ordered to reduce the unitary value to \$12,800,000.00 as recommended by staff.

ADMINISTRATIVE SESSION

PRESENTATION OF THE 2004-05 BASELINE BUDGET

Timothy W. Boyer, Interim Executive Director, made introductory remarks regarding the proposed 2004-05 baseline budget, which will be developed for submittal to the Department of Finance (Exhibit 12.6).

Action: Upon motion of Mr. Chiang, seconded by Mr. Leonard and unanimously, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang, Mr. Westly absent, the Board approved the 2004-05 baseline budget as recommended by staff.

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BOARD MEMBER TO OVERSEE SALES TAX STREAMLINE PROJECT

Timothy W. Boyer, Interim Executive Director, made introductory remarks regarding the implementation of Senate Bill 157, Streamlined Sales Tax Project. Mr. Boyer recommended that the Board designate one of its Members to serve as the representative for the Board of Equalization on the Board of Governance pursuant to provisions of SB 157 (Exhibit 12.7).

Action: Upon motion of Mr. Chiang, seconded by Ms. Migden and unanimously, Ms. Migden, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Mr. Westly absent, the Board designated the Chairwoman, Ms. Migden, to serve as the representative for the Board of Equalization on the Board of Governance.

Ms. Mandel entered the Boardroom on behalf of Mr. Westly in accordance with Government Code section 7.9.

APPROVAL OF CONTRACTS OVER \$1 MILLION

Dade Powers, Chief, Administrative Support Division, made introductory remarks regarding the approval of an inter-agency agreement to reimburse the Franchise Tax Board for costs related to the collection of use tax through the Personal Income Tax Program, as required by the enactment of SB 1009 (Exhibit 12.8).

Action: Upon motion of Mr. Parrish, seconded by Ms. Migden and duly carried, Ms. Migden, Mr. Parrish, Mr. Chiang and Ms. Mandel voting yes, Mr. Leonard voting no, the Board approved the contract with the Franchise Tax Board.

APPROVAL OF BOARD MEETING CALENDAR APRIL – JULY 2004

Deborah Pellegrini, Chief, Board Proceeding Division, made introductory remarks regarding the adoption of the Board meeting calendar for April through July 2004 (Exhibit 12.9).

Action: Upon motion of Mr. Chiang, seconded by Ms. Migden and unanimously, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board adopted the Board meeting calendar for April through July 2004.

ADMINISTRATIVE MATTERS, CONSENT

With respect to the Administrative Matters, Consent Agenda, upon a single motion of Mr. Chiang, seconded by Ms. Mandel and unanimously carried, Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, the Board made the following orders:

Action: Adopt the following resolutions extending its best wishes on their respective retirements and its appreciation for their service to the State Board of Equalization and the State of California (Exhibit 12.10).

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Jean A. Coughlin, Business Taxes Compliance Specialist, Excise Taxes and Fees
Division, Headquarters
Patricia Jones, Senior Tax Representative, Stockton Branch Office
Jacqueline Kay Bloom, Tax technician II, Return Analysis Section, Headquarters

Action: Approve the Board Meeting Minutes of September 24, 2003

Action: Approve the withdrawal of Assessors' Handbook Section 222, Standard Form
List (Exhibit 12.11).

ANNOUNCEMENT OF CLOSED SESSION

The Board recessed at 12:05 p.m. and reconvened immediately in closed session
with Ms. Migden, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel present.

CLOSED SESSION

The Board met to discuss pending litigation (Govt. Code § 11126 (e) and
personnel matters (Govt. Code § 11126 (a)).

The Board recessed at 12:20 p.m. and reconvened immediately in open session
with Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel present.

PROPERTY TAX MATTERS, ADJUDICATORY

Petitions for Reassessment of Unitary Value

Verizon California, Inc. (201), 224740
2003, \$3,562,900,000.00 Value

Action: Upon motion of Mr. Leonard, seconded by Mr. Chiang and unanimously carried,
Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Ms. Mandel not participating in accordance
with Government Code section 7.9, Ms. Migden absent, the Board approved the reduced unitary
value of \$3,501,200,000.00 as recommended by staff.

ADMINISTRATIVE SESSION

BOARD COMMITTEE REPORTS

Customer Services and Administrative Efficiency Committee

Upon motion of Mr. Leonard, seconded by Mr. Parrish and unanimously carried,
Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, Ms. Migden absent, the Board
approved the Customer Services and Administrative Efficiency Committee report (Exhibit 12.12).

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LEGAL APPEALS MATTERS, ADJUDICATORY**Bobby R. and Mary H. Boydstun, 37252, 37254**

4-1-96 to 9-30-97, \$20,212.99 Tax, \$2,027.95 Finality Penalty

10-1-94 to 3-31-96, \$25,292.84 Tax, \$5,071.42 Finality Penalty

Considered by the Board: October 15, 2003

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Mr. Leonard moved to deny the petition for rehearing. Ms. Mandel made a substitute motion to grant the petition. The substitute motion was seconded by Mr. Parrish but failed to carry, Mr. Parrish and Ms. Mandel voting yes, Mr. Leonard and Mr. Chiang voting no, Ms. Migden absent.

Upon motion of Mr. Leonard, seconded by Mr. Parrish and duly carried, Mr. Parrish, Mr. Leonard and Mr. Chiang voting yes, Ms. Mandel voting no, Ms. Migden absent, the Board ordered to deny the petition for rehearing.

Porterville Ready Mix, Inc., 145627

1-1-98 to 12-31-00, \$00.00 Tax

Considered by the Board: September 10, 2003

Contribution Disclosures pursuant to Government Code section 15626: None were disclosed.

Action: Upon motion of Mr. Leonard, seconded by Ms. Mandel and unanimously carried, Mr. Parrish, Mr. Leonard, Mr. Chiang and Ms. Mandel voting yes, Ms. Migden absent, the Board ordered that the tax be redetermined to zero as recommended by the Appeals Division.

The Board adjourned at 12:25 p.m.

The foregoing minutes are adopted by the Board on February 18, 2004.

Note: The following case was removed from the calendar prior to the meeting: *Cricket Communications, Inc. (2762), 224760.*